



IN edit 1/22/05
State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-16497/1
DAK&RAC&MJL:.....
WLJ

DOA:.....Johnston, BB0423 - Health Care Quality and Patient Safety Board
FOR 2005-07 BUDGET -- NOT READY FOR INTRODUCTION

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AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES ✓
HEALTH ✓

Under current law, DHFS must collect, analyze, and disseminate health care information from health care providers other than hospitals and ambulatory surgery centers; in addition, DOA must contract with an entity to collect, analyze, and disseminate health care information from hospitals and ambulatory surgery centers. Both DHFS and the entity under contract with DOA must, from the data collected, prepare certain reports that do not permit patient, employer, or health care provider identification. The Board on Health Care Information, attached to DHFS, must advise DHFS on the collection, analysis, and dissemination of health care information; provide oversight on the reports issued by DHFS and the entity under contract with DOA; and develop overall strategy and direction for health care information collection activities. Activities of the Board on Health Care Information and DHFS are funded from fees for performance of certain work under contract and from assessments that are annually levied on health care providers other than hospitals and ambulatory surgery centers.

This bill eliminates the Board on Health Care Information as of October 1, 2005, and replaces it on that date with a ^{nine} seven-member Health Care Quality and Patient Safety Board (HCQPSB), attached to DOA, which assumes the duties and powers of the Board on Health Care Information. In addition, the HCQPSB must do all of the following:

the
identification
of
a

✓ 1. By March 1, 2006, study and make recommendations concerning the feasibility of creating a centralized physician information data base. *

✓ 2. By October 1, 2006, study and make recommendations concerning rules required and authorized to be promulgated by DHFS concerning the collection, analysis, and dissemination of health care information.

✓ 3. By January 1, 2007, develop a plan and specific strategies to deploy health care information systems technology for health care quality, safety, and efficiency.

✓ 4. Annually report on its plans, activities, accomplishments, and recommendations.

✓ 5. Annually assess the extent to which automated information and decision support systems are used by health care providers in Wisconsin.

✓ 6. Annually assess options and develop a plan to achieve automation of all health care systems in Wisconsin by 2010.

✓ 7. Make grants or loans to clinics, health maintenance organizations, hospitals, or physicians for various projects. *

The bill creates the health care quality improvement fund, a segregated fund that consists of moneys transferred from the injured patients and families compensation fund, the net proceeds of certain revenue obligations, a portion of the annual assessments levied on health care providers other than hospitals and ambulatory surgery centers, and the repayment of any loans made by the HCQPSB. ✓ Funds of the health care quality improvement fund are, under the bill, appropriated for general program operations of the HCQPSB and for grants or loans made by the HCQPSB.

Also, Lastly, under the bill, the entity under contract ^{with} DOA must annually report to the HCQPSB concerning the fulfillment of the entity's obligations under the contract ~~and~~ before July 1, 2007, DHFS may promulgate only those rules relating to the collection, analysis, and dissemination of health care information that are first approved by the HCQPSB.

INSURANCE ✓

Under current law, certain health care providers are required to carry health care liability insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid by the injured patients and families compensation fund. Money ^{for} the fund comes from annual assessments paid by the health care providers who are subject to the health care liability insurance requirements. Current law provides that the fund is established to curb the rising cost of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and that the fund is held in irrevocable trust for the sole benefit of providers and proper claimants and may not be used for any other purpose of the state. ✓

This bill transfers \$25,000,000 from the injured patients and families compensation fund to the health care quality improvement fund, as created in the bill. The bill also adds to the stated purpose of the injured patients and families

STET + initial cap.

~~ACQ 15.07~~

compensation fund the purpose of enabling the deployment of health care information systems technology for health care quality, safety, and efficiency, by the ~~health care quality and patient safety board~~, as created in the bill.

For further information see the **state and local** fiscal estimate, which will be printed as an appendix to this bill.

INSERT
ANAL 1INSERT
ANAL 2

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 15.07 (2) (b) ^X of the statutes is repealed.

2 **SECTION 2.** 15.07 (2) (n) [↓] of the statutes is created to read:

3 15.07 (2) (n) The chairperson of the health care quality and patient safety board
4 shall be designated biennially by the governor.

5 **SECTION 3.** 15.07 (3) (bm) ^X 1. of the statutes is repealed.

6 **SECTION 4.** 15.105 (13) ^X of the statutes is created to read:

7 15.105 (13) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. (a) *Creation;*
8 *membership.* There is created a health care quality and patient safety board,
9 attached to the department of administration under s. 15.03, [↓] consisting of the
10 following members:

11 1. The secretary of health and family services, the secretary of employee trust
12 funds, and the secretary of administration or their designees.

13 2. One physician, as defined in s. 448.01 (5). ^X

14 3. One representative of hospitals. ^X

15 4. One employer purchaser of health care. ^X

16 5. One representative of the insurance industry. ^X

17 6. One representative of health maintenance organizations, as defined in s.

18 609.01 (2). ^X

19 7. One member who shall represent the public interest. [✓]

(b) *Terms.* The board members specified in par. (a) 2. to 7. shall be appointed for 4-year terms.

SECTION 5. 15.195 (6) of the statutes is repealed.

SECTION 6. 16.03 (3) of the statutes is amended to read:

16.03 (3) REPORT. The interagency coordinating council shall report at least twice annually to the health care quality and patient safety board on health care information in the department of health and family services administration, concerning the council's activities under this section.

History: 1995 a. 433; 1997 a. 27, 231.

SECTION 7. 20.435 (4) (hg) of the statutes is amended to read:

20.435 (4) (hg) *General program operations; health care information.* The amounts in the schedule to fund the activities of the department of health and family services ~~and the board on health care information~~ under ch. 153. The contract fees paid under s. 153.05 (6m) and assessments paid under s. 153.60, less \$250.00 in assessments paid in each fiscal year, shall be credited to this appropriation account.

History: 1971 c. 125 ss. 138 to 155, 522 (1); 1971 c. 211, 215, 302, 307, 322; 1973 c. 90, 198, 243; 1973 c. 284 s. 32; 1973 c. 308, 321, 322, 333, 336; 1975 c. 39 ss. 153 to 173, 732 (1), (2); 1975 c. 41 s. 52; 1975 c. 82, 224, 292; 1975 c. 413 s. 18; 1975 c. 422, 423; 1975 c. 430 ss. 1, 2, 80; 1977 c. 29 ss. 236 to 273, 1657 (18); 1977 c. 112; 1977 c. 203 s. 106; 1977 c. 213, 233, 327; 1977 c. 354 s. 101; 1977 c. 359; 1977 c. 418 ss. 129 to 137, 924 (18) (d), 929 (55); 1977 c. 428 s. 115; 1977 c. 447; 1979 c. 32 s. 92 (11); 1979 c. 34, 48; 1979 c. 102 s. 237; 1979 c. 111, 175, 177; 1979 c. 221 ss. 118g to 133, 2202 (20); 1979 c. 238, 300, 331, 361; 1981 c. 20 ss. 301 to 356b, 2202 (20) (b), (d), (g); 1981 c. 93 ss. 3 to 8, 186; 1981 c. 298, 314, 317, 359, 390; 1983 a. 27 ss. 318 to 410, 2202 (20); 1983 a. 192, 199, 245; 1983 a. 333 s. 6; 1983 a. 363, 398, 410, 427; 1983 a. 435 ss. 2, 3, 7; 1983 a. 538; 1985 a. 24, 29, 56, 73, 120, 154, 176, 255, 281, 285, 332; 1987 a. 27, 339, 368, 398, 399, 402; 1987 a. 403 ss. 25, 256; 1987 a. 413; 1989 a. 31, 53; 1989 a. 56 ss. 13, 259; 1989 a. 102; 1989 a. 107 ss. 11, 13, 17 to 37; 1989 a. 120, 122, 173, 199, 202, 318, 336, 359; 1991 a. 6, 39, 189, 269, 275, 290, 315, 322; 1993 a. 16, 27, 76, 98, 99, 168, 183, 377, 437, 445, 446, 450, 469, 479, 490, 491; 1995 a. 27 ss. 806 to 961r, 9126 (19); 1995 a. 77, 98; 1995 a. 216 ss. 26, 27; 1995 a. 266, 276, 289, 303, 404, 417, 440, 448, 464, 468; 1997 a. 27 ss. 211, 214, 216, 217, 527 to 609; 1997 a. 35, 105, 231, 237, 280, 293; 1999 a. 5, 9, 32, 52, 84, 103, 109, 113, 133, 185, 186; 2001 a. 16, 69, 103, 105; 2003 a. 33, 139, 186, 318, 320, 326, 327.

SECTION 8. 20.505 (4) (i) of the statutes is created to read:

20.505 (4) (i) *Health care quality and patient safety board; gifts and grants.* All money received from gifts, grants, bequests, and devises to the health care quality and patient safety board, for the purposes for which made.

***NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 9. 20.505 (4) (q) of the statutes is created to read:

1 20.505 (4) (q) *Health care quality and patient safety board; general program*
2 *operations.* Biennially, from the health care quality improvement fund, the amounts
3 in the schedule for general program operations of the health care quality and patient
4 safety board.

✓ ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

5 SECTION 10. 20.505 (4) (qb) of the statutes is created to read:

6 20.505 (4) (qb) *Health care quality and patient safety board; grants or loans.* ~~STEF~~

7 As a continuing appropriation, from the health care quality improvement fund, the
8 amounts in the schedule for grants ~~or~~ ^{STEF} loans under s. 153.076. ✓

✓ ****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats. ✓

9 SECTION 11. 25.17 (1) (gd) of the statutes is created to read:

10 25.17 (1) (gd) Health care quality improvement fund (s. 25.775); ✓

11 SECTION 12. 25.775 of the statutes is created to read:

12 **25.775 Health care quality improvement fund.** There is created a
13 separate nonlapsible trust fund designated as the health care quality improvement
14 fund, consisting of all of the following:

15 ✓ (1) All moneys transferred under 2005 Wisconsin Act (this act), section 9225

16 (1).

17 ↓ (2) The net proceeds of revenue obligations issued under subch. II of ch. 18, as
18 authorized under s. 16.526, less any remainder paid into a health entity grant
19 obligation redemption fund created under s. 18.562 (3). ✓

20 ↓ (3) In each fiscal year, \$250,000 of the assessments paid under s. 153.60. ✓

21 ↓ (4) Repayment of any loans made under s. 153.076 (2). ✓

22 SECTION 13. 153.01 (2) of the statutes is amended to read:

1 153.01 (2) "Board" means the health care quality and patient safety board ~~on~~
2 ~~health care information.~~

History: 1987 a. 399; 1993 a. 16, 185, 491; 1997 a. 27, 231; 1999 a. 9 s. 2¹/₈₀gc; 1999 a. 32; 2003 a. 33.

3 **SECTION 14.** 153.05 (2m) (d) of the statutes is created to read:

4 153.05 (2m) (d) By April 1, annually, the entity under contract under par. (a)
5 shall report to the board concerning the fulfillment of the entity's obligations under
6 the contract.

7 **SECTION 15.** 153.07 (5) of the statutes is created to read:

8 153.07 (5) By January 1, 2006, and at least annually thereafter, the board shall
9 report to the governor on the plans, activities, accomplishments, and
10 recommendations of the board.

11 **SECTION 16.** 153.07 (6) of the statutes is created to read:

12 153.07 (6) The board shall annually assess the extent to which automated
13 information and decision support systems are used by health care providers in this
14 state.

15 **SECTION 17.** 153.07 (7) of the statutes is created to read:

16 153.07 (7) The board shall annually assess options and develop a plan and
17 specific strategies to achieve automation of all health care systems in the state by
18 2010 or as soon as practicable.

19 **SECTION 18.** 153.07 (8) of the statutes is created to read:

20 153.07 (8) The board shall administer the health care quality improvement
21 fund.

22 **SECTION 19.** 153.07 (9) of the statutes is created to read:

23 153.07 (9) The board may accept gifts, grants, bequests, and devises to be used
24 in the execution of its functions.

1 **SECTION 20.** 153.076[↓] of the statutes is created to read:

2 **153.076 Grants and loans.** (1) In this section[✓]:

3 (a) "Clinic" means a place, other than a residence, that is used primarily for the
4 provision of nursing, medical, podiatric, dental, chiropractic, or optometric care and
5 treatment.

6 (b) "Health maintenance organization" has the meaning given in s. 609.01 (2).[✓]

7 (c) "Hospital" has the meaning given in s. 50.33 (2).[✓]

8 (d) "Physician" has the meaning given in s. 448.01 (5).[✓]

9 (2) (a) From the appropriation under s. 20.505 (4) ~~(a)~~^b, the board may may^e
10 make grants or loans, under procedures and criteria determined by the board, to
11 clinics, health maintenance organizations³ or other health care systems, hospitals, or
12 physicians for any of the following projects:

13 1. Installation of computer-assisted physician order entry, electronic medical
14 records, or other information system infrastructure, including clinical decision
15 support systems, to improve the quality, safety, and efficiency of patient care.

16 2. Development of health information exchanges and interoperable systems to
17 facilitate the reporting of quality, safety, and efficiency information for purposes of
18 health care system improvement or related purposes by informing consumers and
19 health care purchasers.

20 3. Demonstration, through pilot projects, of rapid cycle improvement in quality,
21 safety, and efficiency of care.

22 4. Facilitation of group purchases of medical technology systems by assisting
23 health care providers in forming collaborative agreements for technology.

24 (b) Repayment of any loans made under par. (a)[✓] shall be deposited^{to} in the health
25 care quality improvement fund.[^]

SECTION 21. 153.76 of the statutes is amended to read:

153.76 Rule-making by the independent review board.

Notwithstanding s. 15.01 (1r), the independent review board may promulgate only those rules that are first reviewed and approved by the health care quality and patient safety board on health care information.

History: 1999 a. 9.

SECTION 22. 655.27 (6) of the statutes is amended to read:

655.27 (6) PURPOSE AND INTEGRITY OF FUND. The fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and, to ensure that proper claims are satisfied, and to enable the deployment of health care information systems technology for health care quality, safety, and efficiency, as specified in s. 153.076 (2). The fund, including any net worth of the fund, is held in irrevocable trust for the sole benefit of health care providers participating in the fund and proper claimants and for the deployment of health care information systems technology for health care quality, safety, and efficiency by the health care quality and patient safety board. Moneys in the fund may not be used for any other purpose of the state.

History: 1975 c. 37, 79, 199; 1977 c. 29, 131; 1979 c. 34, 194; 1981 c. 20; 1983 a. 27, 158; 1985 a. 340; 1987 a. 27, 186, 247, 399; 1989 a. 102, 187, 332; 1991 a. 214, 315; 1993 a. 473; 1995 a. 10; 2001 a. 65; 2003 a. 111.

SECTION 9101. Nonstatutory provisions; administration.

(1) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; INITIAL MEMBERS

(a) Initial appointments. Notwithstanding the length of terms specified in section 15.105 (13) (b) of the statutes, as created by this act, the initial members of the health care quality and patient safety board shall be appointed by the first day of the 4th month beginning after the effective date of this subsection for the following terms:

1 (a) ~~W~~ The representative of hospitals, the employer purchaser of health care, and
2 the representative of the insurance industry, for terms expiring on May 1, 2009. ✓

3 (b) ~~W~~ The physician, the representative of health maintenance organizations, and
4 the member who represents the public interest, for terms expiring on May 1, 2011. ✓

5 (AR3) (2) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF PHYSICIAN
6 INFORMATION DATA ^{BASE}. By March 1, 2006, the health care quality and patient safety
7 board shall study and make recommendations to the governor concerning the
8 feasibility of creating a centralized physician information data ^{base}, including
9 through a joint public and private effort.

10 (AA) (3) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF RULES. By October
11 1, 2006, the health care quality and patient safety board shall study and make
12 recommendations to the governor concerning the rules required and authorized to
13 be promulgated by the department of health and family services under section
14 153.75 of the statutes. ✓

15 (AR5) (4) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; PLAN AND STRATEGIES. By
16 January 1, 2007, ✓ develop a plan and specific strategies, including awarding grants
17 or making loans under section 153.076 (2) of the statutes, ✓ as created by this act, to
18 deploy health care information systems technology for health care quality, safety,
19 and efficiency, within a reasonable time and using reasonable financial investments.
20 The plan shall consider the extent to which an integrated or interoperable system or
21 underlying technology may be most cost effective, including by assessing benefits of ✓
22 the system for supporting rapid deployment for supporting medical care
23 practitioners, promoting accurate and appropriate shared information about
24 individual patients among health care providers, standardizing performance ✓
25 indicators among health care provider organizations to improve organization

1 performance, and public reporting of quality, safety, and efficiency data for consumer
2 and health care purchaser decision making.

3 **SECTION 9121. Nonstatutory provisions; health and family services.**

4 (1) TRANSFER OF FUNCTIONS OF THE BOARD ON HEALTH CARE INFORMATION.

5 (a) *Assets and liabilities.* On the effective date of this paragraph, the assets and
6 liabilities of the department of health and family services primarily related to the
7 functions of the board on health care information, as determined by the secretary of
8 administration, shall become the assets and liabilities of the department of
9 administration.

10 (b) *Position and employee transfers.* All incumbent employees holding
11 positions in the department of health and family services performing duties
12 primarily related to the functions of the board on health care information, as
13 determined by the secretary of administration, are transferred on the effective date
14 of this paragraph to the department of administration.

15 (c) *Employee status.* Employees transferred under paragraph (b) have all the
16 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
17 statutes in the department of administration that they enjoyed in the department
18 of health and family services immediately before the transfer. Notwithstanding
19 section 230.28 (4) of the statutes, no employee so transferred who has attained
20 permanent status in class is required to serve a probationary period.

21 (d) *Tangible personal property.* On the effective date of this paragraph, all
22 tangible personal property, including records, of the department of health and family
23 services that is primarily related to the functions of the board on health care
24 information, as determined by the secretary of administration, is transferred to the
25 department of administration.

(e) *Contracts.* 1. All contracts entered into by the board on health care information in effect on the effective date of this ^{subdivision} ~~paragraph~~ remain in effect and are transferred to the health care quality and patient safety board. The health care quality and patient safety board shall carry out any obligations under such a contract until the contract is modified or rescinded by the health care quality and patient safety board to the extent allowed under the contract.

2. All contracts entered into by the department of health and family services in effect on the effective date of this ^{subdivision} ~~paragraph~~ that are primarily related to the functions of the board on health care information, as determined by the secretary of administration, remain in effect and are transferred to the department of administration. The department of administration shall carry out any obligations under such a contract until the contract is modified or rescinded by the department of administration to the extent allowed under the contract.

(f) *Rules and orders.* 1. All rules promulgated by the board on health care information that are in effect on the effective date of this ^{subdivision} ~~paragraph~~ remain in effect until their specified expiration date or until amended or repealed by the health care quality and patient safety board.

2. All rules promulgated by the department of health and family services that are primarily related to the functions of the board on health care information, as determined by the secretary of administration, that are in effect on the effective date of this ^{subdivision} ~~paragraph~~ remain in effect until their specified expiration date or until amended or repealed by the department of administration. All orders issued by the department of health and family services that are primarily related to the functions of the board on health care information, as determined by the secretary of administration, that are in effect on the effective date of this ^{subdivision} ~~paragraph~~ remain in

1 effect until their specified expiration date or until amended or repealed by the
2 department of administration.

3 (g) *Pending matters.* Any matter pending with the board on health care
4 information on the effective date of this paragraph is transferred to the health care
5 quality and patient safety board and all materials submitted to or actions taken by
6 the board on health care information with respect to the pending matter are
7 considered as having been submitted to or taken by the health care quality and
8 patient safety board.

9 (AR7) (2) HEALTH CARE INFORMATION; RULE MAKING. Notwithstanding the requirement
10 and authorization for the department of health and family services to promulgate
11 rules under section 153.75 of the statutes, before July 1, 2007, the department of
12 health and family services may promulgate under section 153.75 of the statutes only
13 rules that are first approved by the health care quality and patient safety board.

14 **SECTION 9225. Appropriation changes; insurance.**

15 (AR1) (1) HEALTH CARE QUALITY IMPROVEMENT FUND. There is transferred from the
16 injured patients and families compensation fund to the health care quality
17 improvement fund \$25,000,000 in fiscal year 2005-06.

18 **SECTION 9401. Effective dates; administration.**

19 (1) CREATION OF HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. The treatment
20 of sections 15.07 (2) (n), 15.105 (13), 153.05 (2m) (d), 153.07 (5) to (9), and 153.076
21 of the statutes and Sections 9101 (1) to (4) and 9121 (1) and (2) of this act take
22 on October 1, 2005. (AR2) (AR3) (AR4) and (AR5) (AR6) (AR7) take effect

23 **SECTION 9421. Effective dates; health and family services.**

(1) **ELIMINATION OF BOARD ON HEALTH CARE INFORMATION.** The treatment of sections 15.07 (2) (b) and (3) (bm) 1., 15.195 (6), 16.03 (3), 20.435 (4) (hg), 153.01 (2), and 153.76 of the statutes takes effect on October 1, 2005.

(END)

2005-2006 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-1649/P1insRC
RAC:.....

Insert Analysis RAC:

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STATE GOVERNMENT ✓

STATE FINANCE ✓

✓ This bill creates a program to issue revenue obligations to fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care. Under the bill, funds for the program may not exceed \$25,000,000. The bill provides that the principal and interest costs on the revenue obligations are to be paid from excise taxes that are currently imposed on the sale of liquor, fermented malt beverages, cigarettes, and tobacco products. These taxes are to be deposited into the excise tax fund, a current law fund ^{under} that can be used for any revenue obligations issued to pay the state's unfunded prior service liability under the Wisconsin Retirement System (WRS). ⁴ ~~In order to~~ dedicate moneys in the excise tax fund for the payment of these grants, the bill eliminates the state's authority to issue revenue obligations secured by tax revenues derived from the sale of liquor, fermented malt beverages, cigarettes, and tobacco products for the payment of the state's unfunded prior liability under the WRS. Obligations for this purpose have already been issued under other current law authority.

~~Insert 222:~~

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repealed and recreated

SECTION ~~16~~ 16.526 (title) of the statutes is ~~amended~~ to read:

16.526 (title) Payment of the state's unfunded liabilities under the

Wisconsin Retirement System; revenue obligations Revenue obligation
program to fund the payment of grants to certain health care entities. ^{plain}

History: 2003 a. 33, 84.

SECTION ~~16~~ 16.526 (1) ^X of the statutes is amended to read:

16.526 (1) For purposes of subch. II of ch. 18, the purposes of obtaining proceeds to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) and of paying the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40 fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 ⁷ (2)(a) ¹ is a special fund program, and the excise tax fund is a special fund. The legislature finds and

determines that the excise tax fund is a segregated fund consisting of fees, penalties, or excise taxes and that the special program to pay the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40 fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 ^{2 (2)(a)} (1) from the net proceeds of revenue obligations issued under this section is appropriate and will serve a public purpose.

History: 2003 a. 33, 84.

SECTION ~~16.526~~ [↓] 16.526 (2) of the statutes is amended to read:

16.526 (2) The net proceeds of revenue obligations issued under subch. II of ch. 18, as authorized under this section, shall be deposited ^{↓ into} ~~in a~~ the health care quality improvement fund in the state treasury, or an account maintained by a trustee, created under s. 18.57 (1). The moneys shall be applied for ancillary payments and for the provision of reserves, as determined by the building commission, and for the payment of part or all of ^(a) ~~the~~ state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40, as determined by the department, grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 ^{2 (2)(a)} (1) and any remainder shall be paid into a retirement liability health entity grant obligation redemption fund created under 18.562 (3).

History: 2003 a. 33, 84.

SECTION ~~16.526~~ [↓] 16.526 (5) (b) of the statutes is amended to read:

16.526 (5) (b) Except as otherwise provided in this paragraph, the requirements for funds obtained to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b) and funds used for the payment of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under

s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40, grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 ^{(2)(a)} ~~(1)~~ that are to be paid from revenue obligations issued under this section, shall be determined by the secretary. The ~~sum~~ amount of revenue obligations issued under this section and ~~appropriation obligations issued under s. 16.527, if any, excluding any appropriation obligations that have been defeased under a cash optimization program administered by the building commission and any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3., shall not exceed~~ \$1,500,000,000 [↓] \$25,000,000.

History: 2003 a. 33, 84.

[↓]
SECTION ~~16.529~~ 16.529 (2) of the statutes is amended to read:

16.529 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s. 16.526 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall require the secretary during the fiscal biennium to which the executive budget bill relates to lapse to the general fund from each appropriation of program revenues, program revenues-service, and federal revenues and to lapse to the applicable fund from each appropriation of segregated fund revenues, segregated fund revenues-service, and segregated federal revenues and subsequently transfer to the general fund an amount equal to that portion of the total amount of principal and interest to be paid on the obligations during the succeeding fiscal biennium that is allocable to the appropriation, as determined under sub. (3). The secretary shall ensure that each state agency includes in the program and financial information forwarded under s. 16.42 (1) an itemization of each amount that is required to be lapsed, or lapsed and transferred, under this subsection.

History: 2003 a. 33.

[↓]
SECTION ~~16.529~~ 16.529 (3) (a) of the statutes is amended to read:

16.529 (3) (a) The secretary shall first compute the total amount that would have been expended from all appropriations, had obligations under s. 16.526 or 16.527 not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX of ch. 40 during the fiscal biennium during which the obligations are issued.

History: 2003 a. 33.

SECTION ~~8~~ 16.529 (3) (c) of the statutes is amended to read:

16.529 (3) (c) For each appropriation identified under par. (b), the secretary shall then apply the percentage calculated under par. (b) to the total amount of principal and interest to be paid during the succeeding fiscal biennium on obligations issued under ~~ss. 16.526 and s. 16.527~~. This amount is the portion of the total amount of principal and interest paid on the obligations during that fiscal biennium that is allocable to each appropriation.

History: 2003 a. 33.

SECTION ~~8~~ 20.505 (1) (sd) of the statutes is amended to read:

20.505 (1) (sd) *Revenue obligation proceeds to pay the state's unfunded liability under the Wisconsin Retirement System fund the payment of grants to certain health care entities. As From the health care quality improvement fund, as a continuing appropriation, all proceeds from revenue obligations that are issued under subch. II of ch. 18, as authorized under s. 16.526, and deposited in a fund in the state treasury, or in an account maintained by a trustee, created under s. 18.57 (1), as authorized under s. 16.526 (2), to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration to fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 (1), and to provide for reserves and to make ancillary payments, as determined by the building*

commission, and the remainder to be transferred to a retirement liability health entity grant obligation redemption fund created under s. 18.562 (3). Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283; 1999 a. 5, 9, 24, 52, 105, 113, 148, 185; 2001 a. 16 ss. 684d, 685d, 800 to 905; 2001 a. 104, 109; 2003 a. 33 ss. 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d to 384d, 567 to 615f, 639, 640, 642d to 644, 2811 to 2813; 2003 a. 48 s. 11; 2003 a. 84; 2003 a. 139 ss. 9 to 12; 2003 a. 326.

✓ **NOTE:** This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

✓ **SECTION ~~18~~ 20.505 (1) (sh)** of the statutes is amended to read:

20.505 (1) (sh) *Excise tax fund — revenue obligation repayment.* From the excise tax fund, a sum sufficient to pay a retirement liability health entity grant obligation redemption fund created under s. 18.562 (3) the amount needed to pay the principal of and premium, if any, and interest on revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526, and to make ancillary payments authorized by the authorizing resolution for the revenue obligations. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283; 1999 a. 5, 9, 24, 52, 105, 113, 148, 185; 2001 a. 16 ss. 684d, 685d, 800 to 905; 2001 a. 104, 109; 2003 a. 33 ss. 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d to 384d, 567 to 615f, 639, 640, 642d to 644, 2811 to 2813; 2003 a. 48 s. 11; 2003 a. 84; 2003 a. 139 ss. 9 to 12; 2003 a. 326.

✓ **SECTION ~~18~~ 20.505 (1) (sm)** of the statutes is amended to read:

20.505 (1) (sm) *Excise tax fund — provision of reserves and payment of ancillary costs relating to revenue obligations.* From the excise tax fund, a sum sufficient to provide for reserves and for ancillary payments relating to revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526 and the resolution

authorizing the revenue obligations. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005. ✓

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283; 1999 a. 5, 9, 24, 52, 105, 113, 148, 185; 2001 a. 16 ss. 684d, 685d, 800 to 905; 2001 a. 104, 109; 2003 a. 33 ss. 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d to 384d, 567 to 615f, 639, 640, 642d to 644, 2811 to 2813; 2003 a. 48 s. 11; 2003 a. 84; 2003 a. 139 ss. 9 to 12; 2003 a. 326.

SECTION ~~18~~ 20.505 (1) (sp) of the statutes is amended to read:

20.505 (1) (sp) *Revenue obligation debt service.* From a ~~retirement liability~~ health entity grant obligation redemption fund created under s. 18.562 (3), all moneys received by the fund for the payment of principal of and premium, if any, and interest on revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526, and for ancillary payments authorized by the authorizing resolution for the revenue obligations. All moneys received by the fund are irrevocably appropriated in accordance with subch. II of ch. 18 and further established in resolutions authorizing the issuance of the revenue obligations under s. 16.526 and setting forth the distribution of funds to be received thereafter. Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

History: 1971 c. 108, 125, 215; 1971 c. 270 s. 104; 1973 c. 90 and supp., 157, 305; 1975 c. 39 ss. 179 to 184f, 735 (5); 1975 Ex. Order No. 24; 1975 c. 224, 397; 1977 c. 29; 1977 c. 196 ss. 70, 131; 1977 c. 377 s. 30; 1977 c. 418 s. 929 (1), (55); 1979 c. 32 s. 92 (5); 1979 c. 34, 175, 221; 1979 c. 355 s. 241; 1979 c. 361; 1981 c. 20 ss. 400b to 421, 2202 (57) (b); 1981 c. 44 s. 3; 1981 c. 62, 121; 1981 c. 202 s. 23; 1981 c. 314, 374, 391; 1983 a. 27 ss. 439 to 456, 2202 (1); 1983 a. 36, 187, 282, 371, 393; 1985 a. 29, 31, 57, 120, 296, 297, 332; 1987 a. 27 ss. 296n, 296q, 297b, 297d, 299a to 299r, 300a, 301a, 418 to 432; 1987 a. 142, 147, 342, 399; 1989 a. 31, 56, 107, 122, 336, 339, 345, 366; 1991 a. 39 s. 469, 593q to 614; 1991 a. 105, 269, 315; 1993 a. 16 ss. 470g, 470m, 470r, 488 to 506m; 1993 a. 33, 75, 193, 349, 358, 374, 414, 437, 477, 491; 1995 a. 27, 56, 201, 216, 225, 227, 370, 403; 1997 a. 3; 1997 a. 27 ss. 199, 227 to 229m, 233, 666g to 692; 1997 a. 237, 283; 1999 a. 5, 9, 24, 52, 105, 113, 148, 185; 2001 a. 16 ss. 684d, 685d, 800 to 905; 2001 a. 104, 109; 2003 a. 33 ss. 364d, 365d, 369d, 370d, 374d, 376d, 378d, 380d to 384d, 567 to 615f, 639, 640, 642d to 644, 2811 to 2813; 2003 a. 48 s. 11; 2003 a. 84; 2003 a. 139 ss. 9 to 12; 2003 a. 326.

FROM THE

LEGISLATIVE REFERENCE BUREAU

INSERT ANAL 2Subheading → OTHER STATE GOVERNMENT

= Wisconsin

~~INS ANALYSIS~~

Under current law, the Health and Educational Facilities Authority (Authority) provides financial assistance to private and public health facilities and hospitals. This bill prohibits the Authority from providing such financial assistance unless the health facility or hospital demonstrates to the Health Care Quality and Patient Safety Board that it is making efforts to improve medical technology.

SECTION ~~2~~ 231.03 (intro.) of the statutes is amended to read:

231.03 Powers. (intro.) The authority has all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this chapter.

In addition to all other powers granted by this chapter, the authority may subject to

s. 231.035:

History: 1973 c. 304; 1975 c. 189; 1977 c. 29; 1977 c. 196 s. 131; 1979 c. 221; 1981 c. 20, 298; 1983 a. 27; 1985 a. 29 ss. 2112 to 2115, 3202 (24); 1987 a. 27, 69; 1989 a. 303; 1993 a. 124; 1995 a. 27 s. 9126 (19); 1995 a. 332; 1999 a. 120; 2001 a. 16, 38, 105, 109.

SECTION ~~2~~ 231.035 of the statutes is created to read:

231.035 Health care quality and patient safety board approval.

Beginning on the effective date of this section ... [revisor inserts date], the authority may not provide any financial assistance to a health facility, hospital, or participating health institution unless the health facility, hospital, or participating health institution demonstrates to the health care quality and patient safety board ~~under s. 15.105 (13) (a)~~ that it is making efforts to improve medical technology.

INSERT
8-5

Kennedy, Debora

From: Champagne, Rick
Sent: Sunday, January 23, 2005 7:48 AM
To: Kennedy, Debora
Subject: FW: Drafting Updates - Use of new health care quality improvement fund

Debora: Don't know why Jim didn't include you on this. All that needs to be done for may part is to change the scored \$25,000,000 amount to \$125,000,000. I'm in today and will be in early on Monday. Don't know Pam's schedule. Rick

-----Original Message-----

From: Johnston, James
Sent: Saturday, January 22, 2005 3:24 PM
To: Champagne, Rick; Kahler, Pam
Cc: Hoadley, Frank; Blaine, Robert; Schmiedicke, David
Subject: Drafting Updates - Use of new health care quality improvement fund

For LRB draft # 1649, we want to increase the revenue bonding amount to be a total of \$125 million in FY06. This funding is to be used to fund Medicaid reform efforts? (6.526 (1))

We also want all of the funds transferred from the injured patients and families compensation fund (LRB draft # 586) to be transferred to the new health care quality improvement fund, created in draft # 1649, not to the existing MA trust fund. — In that draft ??

From the health care quality improvement fund, the revenues transferred from the injured patients and families compensation fund should be allocated in the following manner:

\$50 million in FY06 for grants and loans to health care entities for medical technology investments to reduce medical errors and improve the quality health care. A total of \$ ~~125~~ 50,000,000?

\$8,843,400 in FY06 and \$8,764,000 in FY07 for Medicaid supplements payments to hospitals. — rural? EACH? critical access?

\$75 million in FY06 for Medicaid. ?

Thanks

20.435 (4)(w)

Kahler, Pam

From: Blaine, Robert
Sent: Sunday, January 23, 2005 11:15 AM
To: Kahler, Pam
Cc: Johnston, James
Subject: RE: Final Patients Comp figures

Pam --

One more thing (sorry I forgot to incorporate this in the earlier message). Currently, GPR funds support these supplemental payments. Some may read this section and assume the intent is to increase the total supplemental payments by the SEG amounts below. In section 1921, could we add a statement that specifies that funds from the appropriation under s. 20.435(4)(b) shall not be used for these supplemental payments?

-----Original Message-----

From: Blaine, Robert
Sent: Sunday, January 23, 2005 11:13 AM
To: Kahler, Pam
Cc: Johnston, James
Subject: Final Patients Comp figures

Pam --

To clarify and finalize the PCF numbers.

1) Non-stat section 9121 -- use the following amounts:

Hospital Payment	FY06 SEG	FY07 SEG
Direct Graduate Medical Education	5,200,000	5,200,000
Rural Hospital Adjustment	900,000	900,000
Major Managed Care Supplement	108,000	18,000
Essential Access City Hospitals	2,635,400	2,646,000

Please clarify that the managed care supplement is the "major" managed care supplement.

2) Final PCF numbers for section 9225: \$83,843,400 in 2005-06; \$8,764,000 in 2006-07.

Thank you so, so much.

Robert Blaine

Wisconsin State Budget Office
Department of Administration
608/267-7980
608/267-0372 (fax)
robert.blaine@doa.state.wi.us

GPR
(4)(b)

Kahler, Pam

From: Blaine, Robert
Sent: Sunday, January 23, 2005 11:13 AM
To: Kahler, Pam
Cc: Johnston, James
Subject: Final Patients Comp figures

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} PCF \$

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Robert Blaine

Wisconsin State Budget Office
Department of Administration
608/267-7980
608/267-0372 (fax)
robert.blaine@doa.state.wi.us

Kennedy, Debora

From: Blaine, Robert
Sent: Monday, January 24, 2005 10:33 AM
To: Kennedy, Debora; Kahler, Pam
Cc: Johnston, James; Jablonsky, Sue
Subject: Draft 05-1649

Importance: High

Attached is an Excel spreadsheet summarizing all of the PCF / bonding revenues, and their intended final destination. Please incorporate these into Draft 05-1649, which I understand now will incorporate everything from our earlier PCF draft 05-0856.

Thank you so much for your patience and assistance.



Draft 05-1649.xls

Robert Blaine

Wisconsin State Budget Office
Department of Administration
608/267-7980
608/267-0372 (fax)
robert.blaine@doa.state.wi.us

Draft 05-1649

	<u>FY06</u>	<u>FY07</u>
Patient's Compensation Fund		
"Medical Assistance" Reform	75,000,000	
Health Care Quality Board	<u>50,000,000</u>	
	125,000,000	
 Hospital Supplemental Payments		
Direct Graduate Medical Education	5,200,000	5,200,000
Rural Hospital Adjustment	900,000	900,000
Major Managed Care Supplement	108,000	18,000
Essential Access City Hospitals	<u>2,635,400</u>	<u>2,646,000</u>
	8,843,400	8,764,000
 Total PCF Funds	133,843,400	8,764,000
 Total PCF Funds trans. to 20.435(4)(w)	83,843,400	8,764,000
 Bonding Revenue	125,000,000	

Final Destination

MA Trust Fund: 20.435(4)(w)

DOA Health Fund

MA Trust Fund: 20.435(4)(w)

MA Trust Fund: 20.435(4)(w)

MA Trust Fund: 20.435(4)(w)

MA Trust Fund: 20.435(4)(w)

MA Trust Fund: 20.435(4)(w)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-1649/1
DAK/RAC/MJL:wjl:ch

DOA:.....Johnston, BB0423 - Health Care Quality and Patient Safety Board
FOR 2005-07 BUDGET — NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to: the budget.**

Analysis by the Legislative Reference Bureau
HEALTH AND HUMAN SERVICES

HEALTH

Under current law, DHFS must collect, analyze, and disseminate health care information from health care providers other than hospitals and ambulatory surgery centers; in addition, DOA must contract with an entity to collect, analyze, and disseminate health care information from hospitals and ambulatory surgery centers. Both DHFS and the entity under contract with DOA must, from the data collected, prepare certain reports that do not permit the identification of a patient, an employer, or a health care provider. The Board on Health Care Information, attached to DHFS, must advise DHFS on the collection, analysis, and dissemination of health care information; provide oversight on the reports issued by DHFS and the entity under contract with DOA; and develop overall strategy and direction for health care information collection activities. Activities of the Board on Health Care Information and DHFS are funded from fees for performance of certain work under contract and from assessments that are annually levied on health care providers other than hospitals and ambulatory surgery centers.

This bill eliminates the Board on Health Care Information as of October 1, 2005, and replaces it on that date with a nine-member Health Care Quality and Patient Safety Board (HCQPSB), attached to DOA, which assumes the duties and powers of the Board on Health Care Information. In addition, the HCQPSB must do all of the following:

1. By March 1, 2006, study and make recommendations concerning the feasibility of creating a centralized physician information database.

2. By October 1, 2006, study and make recommendations concerning rules required and authorized to be promulgated by DHFS concerning the collection, analysis, and dissemination of health care information.

3. By January 1, 2007, develop a plan and specific strategies to deploy health care information systems technology for health care quality, safety, and efficiency.

4. Annually report on its plans, activities, accomplishments, and recommendations.

5. Annually assess the extent to which automated information and decision support systems are used by health care providers in Wisconsin.

6. Annually assess options and develop a plan to achieve automation of all health care systems in Wisconsin by 2010.

7. Make grants or loans to clinics, health maintenance organizations, hospitals, or physicians for various projects.

The bill creates the health care quality improvement fund, a segregated fund that consists of moneys transferred from the injured patients and families compensation fund, the net proceeds of certain revenue obligations, a portion of the annual assessments levied on health care providers other than hospitals and ambulatory surgery centers, and the repayment of any loans made by the HCQPSB. Funds of the health care quality improvement fund are, under the bill, appropriated for general program operations of the HCQPSB and for grants or loans made by the HCQPSB.

Under the bill, the entity under contract with DOA must annually report to the HCQPSB concerning the fulfillment of the entity's obligations under the contract. Also, before July 1, 2007, DHFS may promulgate only those rules relating to the collection, analysis, and dissemination of health care information that are first approved by the HCQPSB.

INSURANCE

Under current law, certain health care providers are required to carry health care liability insurance with liability limits of at least \$1,000,000 for each occurrence and at least \$3,000,000 for all occurrences in a policy year. Any portion of a medical malpractice claim against a health care provider subject to the health care liability insurance requirements that exceeds the policy limits of the health care provider's health care liability insurance is paid by the injured patients and families compensation fund. Moneys for the fund come from annual assessments paid by the health care providers who are subject to the health care liability insurance requirements. Current law provides that the fund is established to curb the rising costs of health care by financing part of the liability incurred by health care providers as a result of medical malpractice claims and that the fund is held in irrevocable trust for the sole benefit of providers and proper claimants and may not be used for any other purpose of the state.

This bill transfers \$25,000,000 from the injured patients and families compensation fund to the health care quality improvement fund, as created in the bill. The bill also adds to the stated purpose of the injured patients and families

compensation fund the purpose of enabling the deployment of health care information systems technology for health care quality, safety, and efficiency, by the Health Care Quality and Patient Safety Board, as created in the bill.

STATE GOVERNMENT

STATE FINANCE

This bill creates a program to issue revenue obligations to fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care. Under the bill, funds for the program may not exceed \$25,000,000. The bill provides that the principal and interest costs on the revenue obligations are to be paid from excise taxes that are currently imposed on the sale of liquor, fermented malt beverages, cigarettes, and tobacco products. These taxes are to be deposited into the excise tax fund, a fund under current law that can be used for any revenue obligations issued to pay the state's unfunded prior service liability under the Wisconsin Retirement System (WRS). To dedicate moneys in the excise tax fund for the payment of these grants, the bill eliminates the state's authority to issue revenue obligations secured by tax revenues derived from the sale of liquor, fermented malt beverages, cigarettes, and tobacco products for the payment of the state's unfunded prior liability under the WRS. Obligations for this purpose have already been issued under other current law authority.

OTHER STATE GOVERNMENT

Under current law, the Wisconsin Health and Educational Facilities Authority (Authority) provides financial assistance to private and public health facilities and hospitals. This bill prohibits the Authority from providing such financial assistance unless the health facility or hospital demonstrates to the Health Care Quality and Patient Safety Board that it is making efforts to improve medical technology.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 1 **SECTION 1.** 15.07 (2) (b) of the statutes is repealed.
- 2 **SECTION 2.** 15.07 (2) (n) of the statutes is created to read:
- 3 15.07 (2) (n) The chairperson of the health care quality and patient safety board
- 4 shall be designated biennially by the governor.
- 5 **SECTION 3.** 15.07 (3) (bm) 1. of the statutes is repealed.
- 6 **SECTION 4.** 15.105 (13) of the statutes is created to read:

costs associated with
the reform of the
medical assistance
program

25,000,
000

1 15.105 (13) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. (a) *Creation;*
2 *membership.* There is created a health care quality and patient safety board,
3 attached to the department of administration under s. 15.03, consisting of the
4 following members:

5 1. The secretary of health and family services, the secretary of employee trust
6 funds, and the secretary of administration or their designees.

7 2. One physician, as defined in s. 448.01 (5).

8 3. One representative of hospitals.

9 4. One employer purchaser of health care.

10 5. One representative of the insurance industry.

11 6. One representative of health maintenance organizations, as defined in s.
12 609.01 (2).

13 7. One member who shall represent the public interest.

14 (b) *Terms.* The board members specified in par. (a) 2. to 7. shall be appointed
15 for 4-year terms.

16 **SECTION 5.** 15.195 (6) of the statutes is repealed.

17 **SECTION 6.** 16.03 (3) of the statutes is amended to read:

18 **16.03 (3) REPORT.** The interagency coordinating council shall report at least
19 twice annually to the health care quality and patient safety board ~~on health care~~
20 ~~information~~ in the department of ~~health and family services~~ administration,
21 concerning the council's activities under this section.

22 **SECTION 7.** 16.526 (title) of the statutes is repealed and recreated to read:

23 **16.526 (title) Revenue obligation program to fund the payment of**
24 **grants to certain health care entities.**

25 **SECTION 8.** 16.526 (1) of the statutes is amended to read:

1 16.526 (1) For purposes of subch. II of ch. 18, the purposes of obtaining proceeds
2 to pay the state's anticipated unfunded prior service liability under s. 40.05 (2) (b)
3 and of paying the state's unfunded prior service liability under s. 40.05 (2) (b) and the
4 state's unfunded liability under s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40
5 ~~fund the payment of grants to health care entities for using technology to reduce~~
6 ~~medical errors and improve the quality of health care under s. 153.076 (2) (a)~~ is a
7 special fund program, and the excise tax fund is a special fund. The legislature finds
8 and determines that the excise tax fund is a segregated fund consisting of fees,
9 penalties, or excise taxes and that the special program to pay the state's unfunded
10 prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under
11 s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40 ~~fund the payment of grants to~~
12 ~~health care entities for using technology to reduce medical errors and improve the~~
13 ~~quality of health care under s. 153.076 (2) (a)~~ from the net proceeds of revenue
14 obligations issued under this section is appropriate and will serve a public purpose.

15 SECTION 9. 16.526 (2) of the statutes is amended to read:

16 16.526 (2) The net proceeds of revenue obligations issued under subch. II of ch.
17 18, as authorized under this section, shall be deposited ~~in a~~ into the Health Care
18 ~~quality improvement fund in the state treasury, or an account maintained by a~~
19 ~~trustee, created under s. 18.57 (1).~~ The moneys shall be applied for ancillary
20 payments and for the provision of reserves, as determined by the building
21 commission, and for the payment of part or all of the state's unfunded prior service
22 liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b),
23 (be), and (bw) and subch. IX of ch. 40, as determined by the department, ~~grants to~~
24 ~~health care entities for using technology to reduce medical errors and improve the~~
25 ~~quality of health care under s. 153.076 (2) (a)~~, and any remainder shall be paid into

skt: plain

COSTS ASSOCIATED WITH THE REFORM OF THE
MEDICAL ASSISTANCE PROGRAM

SECTION 9

1 a retirement liability health entity grant obligation redemption fund created under
2 18.562 (3).

3 SECTION 10. 16.526 (5) (b) of the statutes is amended to read:

4 16.526 (5) (b) Except as otherwise provided in this paragraph, the
5 requirements for funds obtained to pay the state's anticipated unfunded prior service
6 liability under s. 40.05 (2) (b) and funds used for the payment of the state's unfunded
7 prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under
8 s. 40.05 (4) (b), (be), and (bw) and subch. IX of ch. 40, ~~grants to health care entities~~
9 ~~for using technology to reduce medical errors and improve the quality of health care~~
10 ~~under s. 153.076 (2) (a)~~ that are to be paid from revenue obligations issued under this
11 section, shall be determined by the secretary. The sum amount of revenue
12 obligations issued under this section and ~~appropriation obligations issued under s.~~
13 ~~16.527, if any, excluding any appropriation obligations that have been defeased~~
14 ~~under a cash optimization program administered by the building commission and~~
15 ~~any appropriation obligations issued pursuant to s. 16.527 (3) (b) 3., shall not exceed~~
16 ~~\$1,500,000,000~~ ~~\$25,000,000~~ \$125,000,000

17 SECTION 11. 16.529 (2) of the statutes is amended to read:

18 16.529 (2) LAPSES AND TRANSFERS REQUIRED. If obligations are issued under s.
19 16.526 or 16.527, or both, any executive budget bill prepared under s. 16.47 (1) shall
20 require the secretary during the fiscal biennium to which the executive budget bill
21 relates to lapse to the general fund from each appropriation of program revenues,
22 program revenues-service, and federal revenues and to lapse to the applicable fund
23 from each appropriation of segregated fund revenues, segregated fund
24 revenues-service, and segregated federal revenues and subsequently transfer to the
25 general fund an amount equal to that portion of the total amount of principal and

costs associated with the reform of the
medical assistance program

1 interest to be paid on the obligations during the succeeding fiscal biennium that is
2 allocable to the appropriation, as determined under sub. (3). The secretary shall
3 ensure that each state agency includes in the program and financial information
4 forwarded under s. 16.42 (1) an itemization of each amount that is required to be
5 lapsed, or lapsed and transferred, under this subsection.

6 SECTION 12. 16.529 (3) (a) of the statutes is amended to read:

7 16.529 (3) (a) The secretary shall first compute the total amount that would
8 have been expended from all appropriations, had obligations under s. ~~16.526~~ or
9 16.527 not been issued, under s. 40.05 (2) (b) and (4) (b), (bc), and (bw) and subch. IX
10 of ch. 40 during the fiscal biennium during which the obligations are issued.

11 SECTION 13. 16.529 (3) (c) of the statutes is amended to read:

12 16.529 (3) (c) For each appropriation identified under par. (b), the secretary
13 shall then apply the percentage calculated under par. (b) to the total amount of
14 principal and interest to be paid during the succeeding fiscal biennium on obligations
15 issued under ~~ss. 16.526 and s.~~ 16.527. This amount is the portion of the total amount
16 of principal and interest paid on the obligations during that fiscal biennium that is
17 allocable to each appropriation.

18 SECTION 14. 20.435 (4) (hg) of the statutes is amended to read:

19 20.435 (4) (hg) *General program operations; health care information.* The
20 amounts in the schedule to fund the activities of the department of health and family
21 services ~~and the board on health care information~~ under ch. 153. The contract fees
22 paid under s. 153.05 (6m) and assessments paid under s. 153.60, less \$250,000 in
23 assessments paid in each fiscal year, shall be credited to this appropriation account.

24 SECTION 15. 20.505 (1) (sd) of the statutes is amended to read:

20.505 (1) (sd) *Revenue obligation proceeds to pay the state's unfunded liability under the Wisconsin Retirement System fund the payment of grants to certain health care entities.* ~~As From the health care quality improvement fund, as a continuing appropriation, all proceeds from revenue obligations that are issued under subch. II of ch. 18, as authorized under s. 16.526, and deposited in a fund in the state treasury, or in an account maintained by a trustee, created under s. 18.57 (1), as authorized under s. 16.526 (2), to pay part or all of the state's unfunded prior service liability under s. 40.05 (2) (b) and the state's unfunded liability under s. 40.05 (4) (b), (bc), and (bw) and subch. IX of ch. 40, as determined by the department of administration to fund the payment of grants to health care entities for using technology to reduce medical errors and improve the quality of health care under s. 153.076 (2) (a), and to provide for reserves and to make ancillary payments, as determined by the building commission, and the remainder to be transferred to a retirement liability health entity grant obligation redemption fund created under s. 18.562 (3).~~

Estimated disbursements under this paragraph shall not be included in the schedule under s. 20.005.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 16. 20.505 (1) (sh) of the statutes is amended to read:

20.505 (1) (sh) *Excise tax fund — revenue obligation repayment.* From the excise tax fund, a sum sufficient to pay a retirement liability ~~health entity grant obligation~~ redemption fund created under s. 18.562 (3) the amount needed to pay the principal of and premium, if any, and interest on revenue obligations issued under subch. II of ch. 18, as authorized under s. 16.526, and to make ancillary payments authorized by the authorizing resolution for the revenue obligations. Estimated

set: plain

medical assistance program

be transferred to the Medical Assistance trust fund

1 disbursements under this paragraph shall not be included in the schedule under s.
2 20.005.

3 SECTION 17. 20.505 (1) (sm) of the statutes is amended to read:

4 20.505 (1) (sm) *Excise tax fund — provision of reserves and payment of ancillary*
5 *costs relating to revenue obligations.* From the excise tax fund, a sum sufficient to
6 provide for reserves and for ancillary payments relating to revenue obligations
7 issued under subch. II of ch. 18, as authorized under s. 16.526 and the resolution
8 authorizing the revenue obligations. Estimated disbursements under this
9 paragraph shall not be included in the schedule under s. 20.005.

10 SECTION 18. 20.505 (1) (sp) of the statutes is amended to read:

11 20.505 (1) (sp) *Revenue obligation debt service.* From a ~~retirement liability~~
12 ~~health entity grant~~ obligation redemption fund created under s. 18.562 (3), all
13 moneys received by the fund for the payment of principal of and premium, if any, and
14 interest on revenue obligations issued under subch. II of ch. 18, as authorized under
15 s. 16.526, and for ancillary payments authorized by the authorizing resolution for the
16 revenue obligations. All moneys received by the fund are irrevocably appropriated
17 in accordance with subch. II of ch. 18 and further established in resolutions
18 authorizing the issuance of the revenue obligations under s. 16.526 and setting forth
19 the distribution of funds to be received thereafter. Estimated disbursements under
20 this paragraph shall not be included in the schedule under s. 20.005.

21 SECTION 19. 20.505 (4) (i) of the statutes is created to read:

22 20.505 (4) (i) *Health care quality and patient safety board; gifts and grants.* All
23 money received from gifts, grants, bequests, and devises to the health care quality
24 and patient safety board, for the purposes for which made.

medical assistance program

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

1 **SECTION 20.** 20.505 (4) (q) of the statutes is created to read:

2 20.505 (4) (q) *Health care quality and patient safety board; general program*
3 *operations.* Biennially, from the health care quality improvement fund, the amounts
4 in the schedule for general program operations of the health care quality and patient
5 safety board.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

6 **SECTION 21.** 20.505 (4) (qb) of the statutes is created to read:

7 20.505 (4) (qb) *Health care quality and patient safety board; grants or loans.*
8 As a continuing appropriation, from the health care quality improvement fund, the
9 amounts in the schedule for grants or loans under s. 153.076.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

10 **SECTION 22.** 25.17 (1) (gd) of the statutes is created to read:

11 25.17 (1) (gd) *Health care quality improvement fund (s. 25.775);*

12 **SECTION 23.** 25.775 of the statutes is created to read:

13 **25.775 Health care quality improvement fund.** There is created a
14 separate nonlapsible trust fund designated as the health care quality improvement
15 fund, consisting of all of the following:

16 (1) All moneys transferred under 2005 Wisconsin Act (this act), section 9225

17 (1).

18 (2) The net proceeds of revenue obligations issued under subch. II of ch. 18, as
19 authorized under s. 16.526, less any remainder paid into a health entity grant
20 obligation redemption fund created under s. 18.562 (3).

21 (3) In each fiscal year, \$250,000 of the assessments paid under s. 153.60.

Target 10-12

1 (4) Repayment of any loans made under s. 153.076 (2).

2 SECTION 24. 153.01 (2) of the statutes is amended to read:

3 153.01 (2) "Board" means the health care quality and patient safety board on
4 health care information.

5 SECTION 25. 153.05 (2m) (d) of the statutes is created to read:

6 153.05 (2m) (d) By April 1, annually, the entity under contract under par. (a)
7 shall report to the board concerning the fulfillment of the entity's obligations under
8 the contract.

9 SECTION 26. 153.07 (5) of the statutes is created to read:

10 153.07 (5) By January 1, 2006, and at least annually thereafter, the board shall
11 report to the governor on the plans, activities, accomplishments, and
12 recommendations of the board.

13 SECTION 27. 153.07 (6) of the statutes is created to read:

14 153.07 (6) The board shall annually assess the extent to which automated
15 information and decision support systems are used by health care providers in this
16 state.

17 SECTION 28. 153.07 (7) of the statutes is created to read:

18 153.07 (7) The board shall annually assess options and develop a plan and
19 specific strategies to achieve automation of all health care systems in the state by
20 2010 or as soon as practicable.

21 SECTION 29. 153.07 (8) of the statutes is created to read:

22 153.07 (8) The board shall administer the health care quality improvement
23 fund.

24 SECTION 30. 153.07 (9) of the statutes is created to read:

1 153.07 (9) The board may accept gifts, grants, bequests, and devises to be used
2 in the execution of its functions.

3 **SECTION 31.** 153.076 of the statutes is created to read:

4 **153.076 Grants and loans. (1)** In this section:

5 (a) “Clinic” means a place, other than a residence, that is used primarily for the
6 provision of nursing, medical, podiatric, dental, chiropractic, or optometric care and
7 treatment.

8 (b) “Health maintenance organization” has the meaning given in s. 609.01 (2).

9 (c) “Hospital” has the meaning given in s. 50.33 (2).

10 (d) “Physician” has the meaning given in s. 448.01 (5).

11 **(2)** (a) From the appropriation under s. 20.505 (4) (qb), the board may make
12 grants or loans, under procedures and criteria determined by the board, to clinics,
13 health maintenance organizations, or other health care systems, hospitals, or
14 physicians for any of the following projects:

15 1. Installation of computer-assisted physician order entry, electronic medical
16 records, or other information system infrastructure, including clinical decision
17 support systems, to improve the quality, safety, and efficiency of patient care.

18 2. Development of health information exchanges and interoperable systems to
19 facilitate the reporting of quality, safety, and efficiency information for purposes of
20 health care system improvement or related purposes by informing consumers and
21 health care purchasers.

22 3. Demonstration, through pilot projects, of rapid cycle improvement in quality,
23 safety, and efficiency of care.

24 4. Facilitation of group purchases of medical technology systems by assisting
25 health care providers in forming collaborative agreements for technology.

1 (b) Repayment of any loans made under par. (a) shall be deposited into the
2 health care quality improvement fund.

3 SECTION 32. 153.76 of the statutes is amended to read:

4 **153.76 Rule-making by the independent review board.**

5 Notwithstanding s. 15.01 (1r), the independent review board may promulgate only
6 those rules that are first reviewed and approved by the health care quality and
7 patient safety board ~~on health care information.~~

8 SECTION 33. 231.03 (intro.) of the statutes is amended to read:

9 **231.03 Powers.** (intro.) The authority has all the powers necessary or
10 convenient to carry out and effectuate the purposes and provisions of this chapter.
11 In addition to all other powers granted by this chapter, subject to s. 231.035 the
12 authority may:

13 SECTION 34. 231.035 of the statutes is created to read:

14 **231.035 Health care quality and patient safety board approval.**

15 Beginning on the effective date of this section [revisor inserts date], the authority
16 may not provide any financial assistance to a health facility, hospital, or
17 participating health institution unless the health facility, hospital, or participating
18 health institution demonstrates to the health care quality and patient safety board
19 that it is making efforts to improve medical technology.

20 SECTION 35. 655.27 (6) of the statutes is amended to read:

21 **655.27 (6) PURPOSE AND INTEGRITY OF FUND.** The fund is established to curb the
22 rising costs of health care by financing part of the liability incurred by health care
23 providers as a result of medical malpractice claims ~~and, to ensure that proper claims~~
24 ~~are satisfied, and to enable the deployment of health care information systems~~
25 technology for health care quality, safety, and efficiency, as specified in s. 153.076 (2).

1 The fund, including any net worth of the fund, is held in irrevocable trust for the sole
2 benefit of health care providers participating in the fund and proper claimants and
3 for the deployment of health care information systems technology for health care
4 quality, safety, and efficiency by the health care quality and patient safety board.

5 Moneys in the fund may not be used for any other purpose of the state.

6 **SECTION 9101. Nonstatutory provisions; administration.**

7 (1) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; INITIAL APPOINTMENTS.

8 Notwithstanding the length of terms specified in section 15.105 (13) (b) of the
9 statutes, as created by this act, the initial members of the health care quality and
10 patient safety board shall be appointed by the first day of the 4th month beginning
11 after the effective date of this subsection for the following terms:

12 (a) The representative of hospitals, the employer purchaser of health care, and
13 the representative of the insurance industry, for terms expiring on May 1, 2009.

14 (b) The physician, the representative of health maintenance organizations, and
15 the member who represents the public interest, for terms expiring on May 1, 2011.

16 (2) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF PHYSICIAN
17 INFORMATION DATABASE. By March 1, 2006, the health care quality and patient safety
18 board shall study and make recommendations to the governor concerning the
19 feasibility of creating a centralized physician information database, including
20 through a joint public and private effort.

21 (3) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; STUDY OF RULES. By October
22 1, 2006, the health care quality and patient safety board shall study and make
23 recommendations to the governor concerning the rules required and authorized to
24 be promulgated by the department of health and family services under section
25 153.75 of the statutes.

1 (4) HEALTH CARE QUALITY AND PATIENT SAFETY BOARD; PLAN AND STRATEGIES. By
2 January 1, 2007, develop a plan and specific strategies, including awarding grants
3 or making loans under section 153.076 (2) of the statutes, as created by this act, to
4 deploy health care information systems technology for health care quality, safety,
5 and efficiency, within a reasonable time and using reasonable financial investments.
6 The plan shall consider the extent to which an integrated or interoperable system or
7 underlying technology may be most cost effective, including by assessing benefits of
8 the system for supporting rapid deployment for supporting medical care
9 practitioners, promoting accurate and appropriate shared information about
10 individual patients among health care providers, standardizing performance
11 indicators among health care provider organizations to improve organization
12 performance, and public reporting of quality, safety, and efficiency data for consumer
13 and health care purchaser decision making.

14 **SECTION 9121. Nonstatutory provisions; health and family services.**

15 (1) TRANSFER OF FUNCTIONS OF THE BOARD ON HEALTH CARE INFORMATION.

16 (a) *Assets and liabilities.* On the effective date of this paragraph, the assets and
17 liabilities of the department of health and family services primarily related to the
18 functions of the board on health care information, as determined by the secretary of
19 administration, shall become the assets and liabilities of the department of
20 administration.

21 (b) *Position and employee transfers.* All incumbent employees holding
22 positions in the department of health and family services performing duties
23 primarily related to the functions of the board on health care information, as
24 determined by the secretary of administration, are transferred on the effective date
25 of this paragraph to the department of administration.

1 (c) *Employee status.* Employees transferred under paragraph (b) have all the
2 rights and the same status under subchapter V of chapter 111 and chapter 230 of the
3 statutes in the department of administration that they enjoyed in the department
4 of health and family services immediately before the transfer. Notwithstanding
5 section 230.28 (4) of the statutes, no employee so transferred who has attained
6 permanent status in class is required to serve a probationary period.

7 (d) *Tangible personal property.* On the effective date of this paragraph, all
8 tangible personal property, including records, of the department of health and family
9 services that is primarily related to the functions of the board on health care
10 information, as determined by the secretary of administration, is transferred to the
11 department of administration.

12 (e) *Contracts.* 1. All contracts entered into by the board on health care
13 information in effect on the effective date of this subdivision remain in effect and are
14 transferred to the health care quality and patient safety board. The health care
15 quality and patient safety board shall carry out any obligations under such a contract
16 until the contract is modified or rescinded by the health care quality and patient
17 safety board to the extent allowed under the contract.

18 2. All contracts entered into by the department of health and family services
19 in effect on the effective date of this subdivision that are primarily related to the
20 functions of the board on health care information, as determined by the secretary of
21 administration, remain in effect and are transferred to the department of
22 administration. The department of administration shall carry out any obligations
23 under such a contract until the contract is modified or rescinded by the department
24 of administration to the extent allowed under the contract.

1 (f) *Rules and orders.* 1. All rules promulgated by the board on health care
2 information that are in effect on the effective date of this subdivision remain in effect
3 until their specified expiration date or until amended or repealed by the health care
4 quality and patient safety board.

5 2. All rules promulgated by the department of health and family services that
6 are primarily related to the functions of the board on health care information, as
7 determined by the secretary of administration, that are in effect on the effective date
8 of this subdivision remain in effect until their specified expiration date or until
9 amended or repealed by the department of administration. All orders issued by the
10 department of health and family services that are primarily related to the functions
11 of the board on health care information, as determined by the secretary of
12 administration, that are in effect on the effective date of this subdivision remain in
13 effect until their specified expiration date or until amended or repealed by the
14 department of administration.

15 (g) *Pending matters.* Any matter pending with the board on health care
16 information on the effective date of this paragraph is transferred to the health care
17 quality and patient safety board and all materials submitted to or actions taken by
18 the board on health care information with respect to the pending matter are
19 considered as having been submitted to or taken by the health care quality and
20 patient safety board.

21 (2) HEALTH CARE INFORMATION; RULE MAKING. Notwithstanding the requirement
22 and authorization for the department of health and family services to promulgate
23 rules under section 153.75 of the statutes, before July 1, 2007, the department of
24 health and family services may promulgate under section 153.75 of the statutes only
25 rules that are first approved by the health care quality and patient safety board.

SECTION 9225. Appropriation changes; insurance.

(1) **HEALTH CARE QUALITY IMPROVEMENT FUND.** There is transferred from the injured patients and families compensation fund to the health care quality improvement fund \$25,000,000 in fiscal year 2005–06.

SECTION 9401. Effective dates; administration.

(1) CREATION OF HEALTH CARE QUALITY AND PATIENT SAFETY BOARD. The treatment of sections 15.07 (2) (n), 15.105 (13), 153.05 (2m) (d), 153.07 (5) to (9), and 153.076 of the statutes and SECTIONS 9101 (1), (2), (3), (4) and 9121 (1) and (2) of this act take effect on October 1, 2005.

SECTION 9421. Effective dates; health and family services.

(1) **ELIMINATION OF BOARD ON HEALTH CARE INFORMATION.** The treatment of sections 15.07 (2) (b) and (3) (bm) 1., 15.195 (6), 16.03 (3), 20.435 (4) (hg), 153.01 (2), and 153.76 of the statutes takes effect on October 1, 2005.

(END)

Kennedy, Debora

From: Blaine, Robert
Sent: Monday, January 24, 2005 3:55 PM
To: Kahler, Pam; Kennedy, Debora
Cc: Johnston, James; Jablonsky, Sue
Subject: Clarified Instructions 1649

Importance: High

Per Jim and my conversation with Pam, we need to revise our instructions from this morning. Before, we were asking all of the PCF and bonding revenue be appropriated in a DOA appropriation, then transferred to the MA Trust Fund. We received clarification that it should work differently.

Instead, we want both DHFS and DOA appropriations created in this new segregated Fund. The DOA appropriation would be used to make the \$50 million in medical technology grants. DHFS would receive two new appropriations under program 4. The first would be for supplemental hospital payments. The second would consist of \$200 million of revenues which are a combination of \$75 PCF revenue and \$125 million bonding revenue. This appropriation would be used for general MA benefits purposes. The appropriation title should be something like "Medical Assistance Reform." The MA Trust Fund would not receive any of these revenues.

Attached is a revised spreadsheet which clarifies this intent. Please disregard the earlier spreadsheet I sent -- I noticed a typo that caused the figures to be inaccurate.



Draft 05-1649.xls

Robert Blaine

Wisconsin State Budget Office
Department of Administration
608/267-7980
608/267-0372 (fax)
robert.blaine@doa.state.wi.us

Draft 05-1649

Patient's Compensation Fund

"Medical Assistance" Reform			
Health Care Quality Board			
	<u>FY06</u>	<u>FY07</u>	<u>Final Destination</u>
	75,000,000		New MA Approp -- 20.435(4)(x2)
	50,000,000		DOA Health Fund
	<u>125,000,000</u>		

Hospital Supplemental Payments

Direct Graduate Medical Education	5,200,000	5,200,000	New MA Approp -- 20.435(4)(x1)
Rural Hospital Adjustment	900,000	900,000	New MA Approp -- 20.435(4)(x1)
Major Managed Care Supplement	108,000	108,000	New MA Approp -- 20.435(4)(x1)
Essential Access City Hospitals	2,635,400	2,646,000	New MA Approp -- 20.435(4)(x1)
	<u>8,843,400</u>	<u>8,854,000</u>	

Total PCF Funds

133,843,400

8,854,000

Total PCF Funds trans. to 20.435(4)(w)

83,843,400

8,854,000

Bonding Revenue

125,000,000

New MA Approp -- 20.435(4)(x2)

Appropriation Information		Amount	
Approp	Purpose	FY06	FY07
20.505(4)(qb)	Medical Technology Grants	50,000,000	
20.435(4)(x1)	Hospital Supplemental Payments	8,843,400	8,854,000
20.435(4)(x2)	Medical Assistance Reform	200,000,000	
	Total -- New Health Fund	258,843,400	8,854,000